



# RESEARCH HIGHLIGHTS

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November 2001



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## HOUSING TRANSITION IN SINGLE INDUSTRY 'INSTANT TOWNS'\*

### Introduction

This research was undertaken with a research grant under the CMHC's External Research Program (ERP). ERP offers funding assistance to help Canadian researchers carry out investigations on housing topics in priority areas identified by CMHC. This research is entirely the work of the external researcher and does not necessarily reflect the views of CMHC.

This report examines the changes which occur in the housing sector of single industry (frontier) towns through the various stages of their life cycle. There have been major changes in the theory, practice and understanding of issues related to single industry towns. This research addresses an essential need for examination and analysis of the historical evolution of 'instant towns'. This update is well timed in relation to the restructuring pressures within the resource sector, which in turn have led to a re-evaluation of the viability of constructing, maintaining, diversifying or decommissioning old single-industry communities.

This research report is based on the results of a literature review and in-depth case studies of two 'instant towns' in British Columbia; Mackenzie and Tumbler Ridge. It provides a very useful comparison and update of Canadian theory and practice in the planning, construction and operation of single industry towns. The report specifically tracks transitions within the local housing market and infrastructure as the economic fortunes of the local industry and community change through time.

It is important that government policymakers, resource companies, local community development officials, and residents be well informed about the issues involved with this unique housing market. This research report provides them with a valuable platform from which to further explore and update knowledge and understanding of 'instant towns' and their housing markets.

### Research Program

The study compares two resource-dependent, single-industry "instant" towns in British Columbia with the following objectives:

- To develop an historical and contemporary portrait of the local housing market.
- To analyze historical corporate strategies for selling off company housing stock.
- To track the economic implications of home ownership.
- To track the economic implications for institutional stakeholders.

The research report also included a review and comparison of historical and contemporary literature on the subject area.



\*This highlight is based on a 1998 External Research Report.

## Findings

There is a significant body of concise information, drawn from both the literature review and case studies. This information provides an excellent description of the historical and contemporary planning, ownership, infrastructure and management options available for single industry resource towns, and their relationship to the short and long term success or failure of these communities.

Some of the more significant findings include the following:

### Housing

- Personal satisfaction with housing is a primary determinant of employee and housing stability, secondary economic development, and the sustainability of single industry towns.
- The small town atmosphere is often a significant attraction for young families.
- Single detached housing is the dominant and most desired housing form.
- Renovation activity, which is often restricted by company ownership contracts and high employee turnover, tracks changes in ownership policies and economic cycles.
- **Tax rates can be excessive if property values do not decrease to reflect declines in single industry economies.**

### Planning

- There is a trend towards developing more community oriented towns which offer housing and various services early in the development stage to attract families.
- Planning for diversification is key to long term sustainability.
- Strategies to cope with changes resulting from economic downturns and/or industry restructuring must be incorporated into original community plans and design.

### Economic

- Global restructuring has joined resource exhaustion and economic cycles as a major threat to the viability and ongoing survival of single industry towns.
- Job opportunities and wages for women typically compare negatively with those of men making it difficult for households headed by women to afford adequate housing.
- Advanced education and skills are increasingly in demand as industries become more sophisticated—the resulting shift to higher incomes increases housing expectations.
- The number of housing units may remain stable if declines in the primary resource sector are off-set by job gains from diversification.
- Housing renovation is significantly affected by economic cycles and by employer housing buy-back policies.
- Residential investment values typically follow the economic status of the resource industry and may be a significantly more risky personal investment than elsewhere.
- Tax implications can be major drivers of housing policy for corporations, which can write off expenses.

### Demographics and Sociology

- Single industry towns are typically populated by young families, with some variation in older, more diversified towns.
- Young people tend to migrate for educational and job opportunities which are not available in stable or declining single industry towns.
- There are significant social stresses for women and children in general and, for wage earners during downturns.
- Housing and social status closely tracks earning power and job status, often resulting in a significantly stratified and relatively rigid social order.

## **Conclusions**

- High wages and housing subsidies are not enough to hold employees or to foster a commitment to the community.
- Significant progress has been made in planning strategies for single industry towns, but their long term sustainability is difficult to predict.
- Diversification and other long term policies need to be incorporated into planning processes and implemented in order to foster sustainable community development.
- Housing quality although improved, needs to improve further in terms of durability, climate appropriateness, flexibility and selection.
- Transience, isolation, stratified social status, and a lack of services are significant problems affecting the quality of life and housing investment returns for inhabitants.
- A lack of skilled housing trades people and appropriate material supplies often results in poor quality construction and material selection.
- The affordability gap (ability to enter the housing market) may be a serious problem.

## **Implications of Interest to the Housing Industry**

This study is particularly useful to resource companies seeking to evaluate new development costs; to local decision-makers interested in community development; and to households participating in this specialized housing market.

- Location analysis needs are critical to reducing the impacts of pollution from industry operations and traffic.
- Infrastructure and services should be well developed before inhabitants arrive.
- Corporate planners and managers require training and resources to plan more effectively and to avoid typical problems such as a lack of appropriate housing, selection, affordability and support services.
- Housing needs to be more responsive to the unique needs of rural and often resource based communities and climates (short driveways, mud rooms, indoor recreation space etc).
- Housing needs to be more diverse in size and appearance.

- Residents should be more involved in the ongoing planning of towns and services so that development addresses the needs of citizens.
- Institutional investor and housing agency policies need to reflect specific risk factors inherent in single industry towns, including frequent economic downturns and long term viability.

## **Further Research**

Given the stress of the pressures and changes affecting the housing market in single industry towns over their life cycle, and the importance of these communities within the Canadian economy, additional research is required to provide a firm foundation for future decision-making. All stakeholders need to be better informed about the issues involved with this unique housing market.

In addition to citing recommendations from an earlier study by the IBI group, the researchers identified a number of potential research areas for potential consideration and follow up.

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This project was funded (or partially funded) by Canada Mortgage and Housing Corporation (CMHC) under the terms of the External Research Program (ERP), an annual research grant competition. The views expressed are the personal views of the author(s) and do not represent the official views of CMHC. For more information on the ERP, please visit the CMHC web site [www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca) or contact the Program Administrator by phone at (613) 748-2249, by e-mail at [erp@cmhc-schl.gc.ca](mailto:erp@cmhc-schl.gc.ca), or by regular mail: Program Administrator, External Research Program, Research Division, Canada Mortgage and Housing Corporation, 700 Montreal Road, Ottawa ON K1A 0P7.

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